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**EX PARTE**

Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
The Portals  
445 12<sup>th</sup> St. SW  
Washington, D.C. 20554

Re: WC Docket 02-150

Dear Ms. Dortch:

Commission staff has asked BellSouth to respond to specific questions that have been raised by parties to the above-referenced proceeding. In accordance with Commission rules, I am filing copies of this response and request that it be included in the record of the proceeding identified above.

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**Loading Factors**

In response to CLEC allegations that the use of in-plant loading factors overstates the cost of large cable sizes, Daonne Caldwell's Reply Affidavit (page14), contained a chart that showed that the BSTLM places predominantly smaller sized copper cables for which the costs are actually understated. At the request of Commission staff, BellSouth has done a similar analysis, except that instead of copper cable, this one determines the distribution of fiber cable, by cable size. BSTLM fiber cable placements for Alabama, Kentucky, Mississippi, and South Carolina were summed and compared to actual annual placements for these states. Just as was evident with the copper results, the BSTLM also places predominately smaller sized fiber cables. Furthermore, the BSTLM places more small sized fiber cables than what was actually placed. In fact, the BSTLM placed 12 fiber and below cable sizes over 70% of the time whereas, the actual fiber placed for those sizes was below 12%. This is the same situation seen in comparing the copper BSTLM placements with the actual copper

placements. From this information, the overall relationship between copper and fiber placements can be determined. Based on route miles, the BSTLM placed 77% copper and 23% fiber cables. This corresponds closely to the actual placements of 76%/24%.

The staff also requested clarification regarding certain information used by BellSouth in establishing loading factors. In Daonne Caldwell's Reply Affidavit, BellSouth sets forth cable route feet used in both the model and actual placements. The information provided reflects cumulative information for Alabama, Kentucky, Mississippi and South Carolina. The vintage of the actual placements is 1998, the same vintage as the information used to develop the in-plant factors. The base year of the cable material price is 1999. TPIs are applied such that inflation trends for 2000-2002 are reflected in the investment. In other words, the in-plant factors are applied against average 2000-2002 investment. The BSTLM data is from the SL1 loop and thus reflects both distribution and feeder.

### **DUF Studies**

AT&T suggests the cost studies used to support the most recent DUF rates for Alabama, Mississippi, North Carolina and South Carolina were not part of the state proceedings and that AT&T and other CLECs had no opportunity to comment on these studies prior to the application. While these more recent rates do reflect an updated *demand forecast*, the *cost study methodology* is the same as that presented and discussed during the state cost dockets. Therefore, to the extent CLECs raised new arguments relative to these studies, such arguments could have been raised during the state dockets. Further, the arguments that Mr. Turner cites on page 3 of his reply declaration relative to North Carolina imply that the Louisiana cost studies suffer from the same "clear TELRIC errors" identified in the other states included in this application and that AT&T had no opportunity to comment on these studies. First of all, the Louisiana DUF studies were part of the Louisiana cost docket. Furthermore, the approach taken in each of the studies is identical to the cost studies filed in the other states. Thus, in every state (Alabama, Kentucky, Mississippi, South Carolina, and Louisiana) parties were given the opportunity to review the DUF study methodology and to intervene. Second parties raised the same argument made by Mr. Turner as to the use of "CLEC only demand" in the state UNE proceedings by contending that BellSouth also benefited from the production of DUF messages. As to Turner's second argument, BellSouth also used a 3-year study period for ODUF and EODUF and a 10-year study period for ADUF in the cost studies filed and discussed during the state cost dockets. In conclusion, all parties were given ample opportunities to raise these exact same arguments during each of the generic cost proceedings.

Indeed, with respect to the first five of Mr. Turner's self-described six DUF issues (see Turner Declaration at paras. 10-15), absolutely nothing has changed between the time the state proceedings were conducted and today that would have somehow prevented AT&T from raising these issues with the state commissions. The only thing that has changed is that BellSouth *updated* the study period used to forecast demand growth with data that was used in the ongoing Georgia cost docket. The result of this voluntarily-initiated change was, of course, to lower CLEC DUF costs. The essence of AT&T's complaint, however, is that in doing so, BellSouth should have used a different and shorter time period for its study. As BellSouth has already demonstrated, there is simply no support for this argument. In any event, AT&T could have made such arguments to the various state commissions when BellSouth requested approval from each commission to amend its SGAT to allow these changes. Presumably for strategic reasons of their own, they chose not to do so.

#### Features Charges

The staff has requested a response to an allegation made by AT&T in its late-filed "Supplemental Reply Declaration of Catherine E. Pitts," which was dated August 23, 2002. At page 8, footnote 7, of that declaration, Ms. Pitts inexplicably—and without elaboration—asserts that BellSouth is charging for features in Kentucky. Ms. Pitts is mistaken. The Kentucky Commission did not authorize BellSouth to recover for features and it does not do so.

Sincerely,

A handwritten signature in cursive script, appearing to read "Glenn T. Reynolds".

Glenn T. Reynolds

cc: Tamara Preiss  
Josh Swift  
Richard Kwiatkowski  
Marv Sacks  
Susan Pie  
James Davis-Smith (Department of Justice)

	CableSize Fibers	THEORETICAL FROM BSTLM		ACTUAL1998 FROM VRUC EXTRACT	
		Route Feet	% Of Media	Route Feet	% Of Media
Alabama	6	1,547,415	2.6%	-	0.0%
	12	38,818,090	64.6%	139,642	5.7%
	18	5,110,986	8.5%	-	0.0%
	24	3,923,917	6.5%	702,563	28.6%
	30	2,757,610	4.6%	624	0.0%
	36	1,844,010	3.1%	356,670	14.5%
	42	1,455,874	2.4%	-	0.0%
	48	927,931	1.5%	543,660	22.1%
	60	1,376,843	2.3%	100	0.0%
	72	932,664	1.6%	405,028	16.5%
	84	605,033	1.0%	5,045	0.2%
	96	234,331	0.4%	79,571	3.2%
	108	186,853	0.3%	-	0.0%
	120	172,136	0.3%	-	0.0%
	132	27,293	0.0%	-	0.0%
	144	64,596	0.1%	198,081	8.1%
	156	36,876	0.1%	-	0.0%
	168	29,072	0.0%	-	0.0%
	216	24,793	0.0%	28,964	1.2%
	TOTAL	60,076,323	100.0%	2,459,948	100.0%
Kentucky	Fibers				
	6	1,112,296	2.4%	545	0.0%
	12	33,601,483	72.7%	205,110	10.0%
	18	4,048,260	8.8%	-	0.0%
	24	2,434,361	5.3%	883,359	42.9%
	30	1,691,387	3.7%	8,413	0.4%
	36	1,026,780	2.2%	361,411	17.6%
	42	815,835	1.8%	-	0.0%
	48	470,793	1.0%	228,800	11.1%
	60	480,628	1.0%	12,790	0.6%
	72	225,846	0.5%	160,083	7.8%
	84	148,518	0.3%	-	0.0%
	96	75,543	0.2%	111,467	5.4%
	108	44,271	0.1%	-	0.0%
	120	36,958	0.1%	6,456	0.3%
	132	25,971	0.1%	-	0.0%
	144	8,412	0.0%	76,453	3.7%
	156	596	0.0%	-	0.0%
	168	0	0.0%	-	0.0%
	216	1,382	0.0%	3,637	0.2%
	TOTAL	46,249,320	100.0%	2,058,524	100.0%
Mississippi	6	2,388,586	2.9%	-	0.0%
	12	55,298,780	66.3%	191,159	15.0%
	18	6,940,863	8.3%	80,485	6.3%
	24	4,682,227	5.6%	351,838	27.5%
	30	3,380,010	4.1%	(1,262)	-0.1%
	36	2,601,559	3.1%	131,542	10.3%
	42	2,038,700	2.4%	-	0.0%
	48	1,371,617	1.6%	329,077	25.8%
	60	1,892,641	2.3%	-	0.0%
	72	1,117,238	1.3%	51,444	4.0%
	84	630,463	0.8%	-	0.0%
	96	385,239	0.5%	72,767	5.7%
	108	277,452	0.3%	-	0.0%
	120	179,756	0.2%	-	0.0%
	132	117,067	0.1%	-	0.0%
	144	21,126	0.0%	70,659	5.5%
	156	6,210	0.0%	-	0.0%
	168	20,216	0.0%	-	0.0%
	216	7,983	0.0%	-	0.0%
	TOTAL	83,357,733	100.0%	1,277,709	100.0%

	CableSize	THEORETICAL FROM BSTLM		ACTUAL1998 FROM VRUC EXTRACT	
		Route Feet	% Of Media	Route Feet	% Of Media
South Carolina	6	846,353	2.7%	-	0.0%
	12	21,236,424	68.1%	339,102	18.2%
	18	2,829,932	9.1%	200	0.0%
	24	1,715,810	5.5%	459,021	24.6%
	30	1,207,955	3.9%	90	0.0%
	36	776,592	2.5%	275,346	14.8%
	42	631,782	2.0%	-	0.0%
	48	493,060	1.6%	143,838	7.7%
	60	635,664	2.0%	6,933	0.4%
	72	254,253	0.8%	224,961	12.1%
	84	152,326	0.5%	-	0.0%
	96	163,531	0.5%	136,667	7.3%
	108	80,851	0.3%	-	0.0%
	120	67,866	0.2%	-	0.0%
	132	49,079	0.2%	-	0.0%
	144	35,474	0.1%	185,684	10.0%
	156	5,086	0.0%	-	0.0%
	168	2,007	0.0%	-	0.0%
	216	0	0.0%	90,557	4.9%
	TOTAL	31,184,045	100.0%	1,862,399	100.0%
Summary	6	5,894,650	2.7%	545	0.0%
	12	148,954,777	67.4%	875,013	11.4%
	18	18,930,041	8.6%	80,685	1.1%
	24	12,756,315	5.8%	2,396,781	31.3%
	30	9,036,962	4.1%	7,865	0.1%
	36	6,248,941	2.8%	1,124,969	14.7%
	42	4,942,191	2.2%	0	0.0%
	48	3,263,401	1.5%	1,245,375	16.3%
	60	4,385,776	2.0%	19,823	0.3%
	72	2,530,001	1.1%	841,516	11.0%
	84	1,536,340	0.7%	5,045	0.1%
	96	858,644	0.4%	400,472	5.2%
	108	589,427	0.3%	0	0.0%
	120	456,716	0.2%	6,456	0.1%
	132	219,410	0.1%	0	0.0%
	144	129,608	0.1%	530,877	6.9%
	156	48,768	0.0%	0	0.0%
	168	51,295	0.0%	0	0.0%
	216	34,158	0.0%	123,158	1.6%
	TOTAL	220,867,421	100.0%	7,658,580	100.0%